2000

TWO THOUSAND | ANNUAL REPORT

ACKTION
CORPORATION

CONTENTS

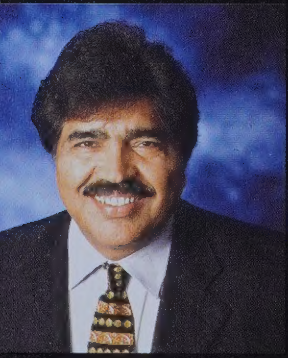
The Annual General Meeting
of the Shareholders of Acktion Corporation
will be held on Thursday, June 14, 2001 at 11:00 a.m.
TSE Conference Centre, The Exchange Tower
130 King Street West, Toronto, Ontario

five year financial summary

[in thousands except for share amounts]

	YEAR ENDED DECEMBER 31, 2000 $	YEAR ENDED DECEMBER 31, 1999 $	13 MONTHS ENDED DECEMBER 31 1998 $	YEAR ENDED NOVEMBER 30, 1997 $	10 MONTHS ENDED NOVEMBER 30, 1996 $
REVENUE	**260,387**	100,937	56,276	240,696	771,514
AMORTIZATION	**16,902**	10,374	9,183	4,587	8,737
INTEREST ON LONG-TERM DEBT	**45,431**	14,793	7,107	3,003	2,574
EARNINGS BEFORE INCOME TAXES	**73,724**	24,422	19,944	222,463	40,164
NET EARNINGS FOR THE PERIOD	**39,444**	22,875	18,229	138,618	17,805
CASH FLOW FROM OPERATIONS	**67,403**	24,421	(64,590)	22,533	24,906
REAL ESTATE ASSETS	**1,415,478**	1,148,585	364,542	23,462	50,118
LONG-TERM DEBT	**757,957**	635,891	210,406	368	40,867
SHAREHOLDERS' EQUITY	**405,427**	385,648	366,795	345,477	218,101
TOTAL ASSETS	**1,650,931**	1,484,953	793,392	466,010	543,504
NET EARNINGS PER COMMON SHARE					
BASIC	**$ 2.53**	$ 1.41	$ 1.13	$ 8.34	$ 1.02
FULLY DILUTED	**$ 2.40**	$ 1.31	$ 1.06	$ 7.90	$ 0.98
CASH FLOW FROM CONTINUING OPERATIONS PER SHARE	**$ 4.33**	$ 1.51	$ (4.00)	$ 1.36	$ 1.43
EQUITY PER COMMON SHARE	**$ 26.39**	$ 23.95	$ 22.55	$ 21.16	$ 12.97
COMMON SHARES OUTSTANDING	**15,366**	16,104	16,264	16,323	16,818

chairman's report to shareholders



DURING THE PAST FEW YEARS, ACKTION HAS ASSEMBLED A HIGH QUALITY PORTFOLIO OF OPERATING COMPANIES. ACKTION NOW OWNS 50.3% OF MORGUARD REAL ESTATE INVESTMENT TRUST ("MORGUARD REIT"), 68.6% OF GOLDLIST PROPERTIES INC. ("GOLDLIST") AND 100% OF MORGUARD INVESTMENTS LIMITED ("MIL"). IN ADDITION TO THE ABOVE, WE OWN APPROXIMATELY 41% OF REVENUE PROPERTIES COMPANY LIMITED ("REVENUE PROPERTIES"). THE ABOVE FOUR COMPANIES OWN AND/OR MANAGE A REAL ESTATE PORTFOLIO VALUED IN EXCESS OF $4 BILLION.

Morguard REIT is a closed-end real estate investment trust, which owns a quality portfolio of 64 retail, office and industrial properties in Canada with total assets of $1 billion and approximately 9.2 million square feet of leasable space. The portfolio features a number of well-located, dominant regional shopping centres and office buildings which offer stable cash flow, development opportunities and excellent long-term growth potential.

Goldlist is a fully integrated real estate company whose principal business is the acquisition, development and management of multi-unit residential properties, primarily in the Greater Toronto Area. Goldlist also constructs and markets condominiums such as the prestigious Opera Place project at Bay and Wellesley Streets in Toronto. Operating income is enhanced by the stability and income growth potential of its residential properties and the favourable long term debt structure put in place during the period of lower relative interest rates.

MIL is a fully integrated real estate investment advisory and management corporation. Through a network of nine regional offices located across Canada it provides portfolio, asset management and property management services for over $3.2 billion in office, industrial and retail properties.

This year was significant as we dealt with a number of special situations which had consumed capital and posed challenges for our business units. By the end of the year, the Company had made significant progress towards consolidating control positions, delivering operating efficiencies, shedding non-core assets and emerging as a stronger, more integrated organization. Acktion is committed to enhancing shareholder value by focusing on our core real estate businesses and capitalizing on market opportunities that become available.

During 2000, the Company was able to realize on a number of opportunities that have resulted in increased net income and cash flow during the current year. In January 2000, Acktion concluded the sale of its 50% interest in Carquest Canada and its investment in common shares of General Parts Inc., which resulted in net proceeds of approximately $31.7 million and a realized gain on sale of $2.4 million. The sale of assets of Reynolds Fasteners, Inc. was completed in April 2000 resulting in proceeds of $59.8 million and a gain on sale of $7.8 million. In June, Acktion entered a pre-acquisition agreement with Acanthus Real Estate Corporation to acquire all of the outstanding shares of the corporation. A competing bid was received and Acktion agreed to tender its shares for cash proceeds of $37.3 million, including a break fee of $7.7 million, and recognized a gain of $4.8 million. In November 2000, Acktion initiated a bid for Revenue Properties Company Limited which resulted in an agreement to purchase an additional 20.1 million shares to hold 25.9 million shares or 40.7 percent of Revenue Properties. The transaction was completed in January 2001.

The Company increased its real estate holdings during 2000 by $267 million through the acquistion of the Parkland Mall in Red Deer, Alberta, the purchase of our joint venture partner's 50% interest of St. Laurent Shopping Centre, the purchase of two apartment complexes, and the acquisition of a 50% interest in the Mississauga City Centre office complex.

The Company reviewed its dividend policy and introduced an annual dividend of $0.50 per share payable semi-annually. The Company also introduced a Shareholders' Dividend Reinvestment Plan which enables shareholders to reinvest all cash dividends into additional common shares of Acktion at 95% of market price

As to financial performance, your Company recorded consolidated cash flows from operations of $67.4 million or $4.33 per share for the year ending December 31, 2000, compared to cash flows from operations of $24.4 million or $1.51 per share in 1999.

Consolidated revenue for the year was $260.4 million, including income from properties of $204.1 million, fees and other income of $32.5 million, and sales of condominiums and products of $23.8 million. This compares to revenue of $100.9 million in 1999, which included rental income of $58.8 million, fees and other income of $36.3 million and sales of product of $5.8 million. The increase in income from properties and fees and other income is due to the consolidation of Goldlist for the full year and Morguard REIT. Consolidated net earnings were $39.4 million or $2.53 per share in 2000, compared to $22.9 million or $1.41 per share for the prior year, an increase of 72%.

Our consolidated total assets are now $1.7 billion, up 11.2% from the prior year. Presently, real estate assets represent 86% of total assets.

Mortgages on real estate assets at year end totalled $758 million with a weighted average rate of interest of 6.92%, compared to $636 million in mortgages with a weighted average rate of interest of 6.89% in the previous year. The debt/equity ratio as at December 31, 2000, was 2.22:1 compared to 2.02:1 in the previous year. Exposure to interest rate volatility is minimized with approximately 84% of total financing being fixed and the remaining 16% is priced based on a spread, ranging from 100 to 150 basis points, over bankers acceptance. The average maturity for the fixed rate financing is 6.4 years.

At December 31, 2000, consolidated shareholders' equity totalled $405 million or $26.39 per share, compared to $386 million or $23.95 per share in 1999.

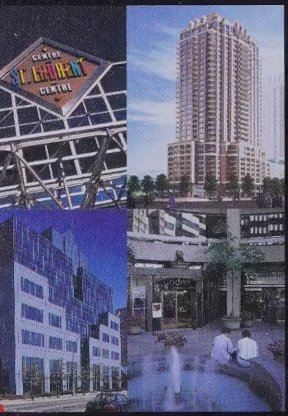
Since our share price continues to trade at a substantial discount to net asset value, we renewed our share buy back program on The Toronto Stock Exchange for a further twelve months. We feel that the market has undervalued our shares and this represents an excellent use of corporate resources. As at year end we acquired and cancelled 753,264 common shares for cash consideration of $9.3 million at an average price of $12.41 per share.

Given our high quality portfolio of assets in the residential and commercial sectors of the real estate market together with higher rental revenues, low vacancy rates and fees earned by MIL, we anticipate meaningful cash flow generation during the coming year. This, together with our superior operating productivity and conservative financial structure allows us to withstand a slowdown in economic growth, and positions us well to capitalize on the next cycle. The fundamentals for real estate are strong and we believe that in time the value of real estate assets will be reflected in our share price.

I would like to thank our employees and those at Goldlist, Morguard REIT, and MIL for their efforts during the past year. I would also like to express my appreciation to the officers and directors of the Company for their contribution and dedication. Finally, I would like to thank our shareholders for their continued support in 2000.

K. (RAI) SAHI, Chairman and Chief Executive Officer

corporate profile



ACKTION CORPORATION ("ACKTION" OR THE "COMPANY") IS A CANADIAN PUBLIC REAL ESTATE COMPANY WHOSE PRINCIPAL ACTIVITIES INCLUDE PROPERTY OWNERSHIP, DEVELOPMENT AND PROPERTY MANAGEMENT SERVICES. PROPERTY OWNERSHIP ENCOMPASSES INTEREST IN BOTH COMMERCIAL AND RESIDENTIAL REAL ESTATE. THROUGH ITS SUBSIDIARY, MORGUARD REAL ESTATE INVESTMENT TRUST ("MORGUARD REIT"), IT HOLDS A DIVERSE PORTFOLIO OF COMMERCIAL REAL ESTATE WHICH INCLUDES RETAIL, OFFICE AND INDUSTRIAL PROPERTIES ACROSS SEVEN CANADIAN PROVINCES. ITS RESIDENTIAL REAL ESTATE HOLDINGS ARE HELD THROUGH ANOTHER SUBSIDIARY, GOLDLIST PROPERTIES INC. ("GOLDLIST"), WHICH PROVIDES RENTAL SERVICES AND CONSTRUCTS AND SELLS RESIDENTIAL CONDOMINIUMS. ANOTHER SUBSIDIARY, MORGUARD INVESTMENTS LIMITED ("MIL"), IS A FULLY INTEGRATED REAL ESTATE INVESTMENT ADVISORY AND MANAGEMENT CORPORATION. THE COMPANY ALSO HAS A SIGNIFICANT INTEREST IN REVENUE PROPERTIES COMPANY LIMITED ("REVENUE PROPERTIES"), A PUBLICLY TRADED CANADIAN COMPANY.

ST. LAURENT CENTRE

ARIA AT OPERA PLACE

Morguard Real Estate Investment Trust

Acktion owns approximately 50.3% of the outstanding units of Morguard REIT. Morguard REIT is an unincorporated closed-end real estate investment trust whose units trade on The Toronto Stock Exchange. It holds a real estate portfolio consisting of 64 office, industrial and retail properties located in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia, containing an aggregate of 9,235,500 square feet of leasable area. The portfolio consists of 22% of office properties (2.0 million square feet), 25% of industrial properties (2.3 million square feet), and 53% of retail properties (4.9 million square feet). For the fiscal year ending December 31, 2000, Morguard REIT's assets were $1 billion and distributable income was $42 million.

Goldlist Properties Inc.

Acktion owns 68.6% of the issued and outstanding common shares of Goldlist, up approximately 2% after acquiring an additional 220,000 shares by way of private agreement in January 2001. Goldlist is a fully integrated real estate development, ownership and management company whose common shares trade on The Toronto Stock Exchange. Goldlist's primary assets are a portfolio of 18 multi-unit residential buildings containing approximately 5,777 suites and located predominantly in the Greater Toronto Area. In addition, Goldlist manages approximately 7,700 apartment suites for third parties. Goldlist also has interests in residential development projects, including Opera Place, a prestigious one million square foot residential condominium property under construction in downtown Toronto. Its asset base of $380 million generated cash flow from operations for the year ended December 31, 2000, of $14.5 million.

MISSISSAUGA CITY CENTRE

THE COLONNADE

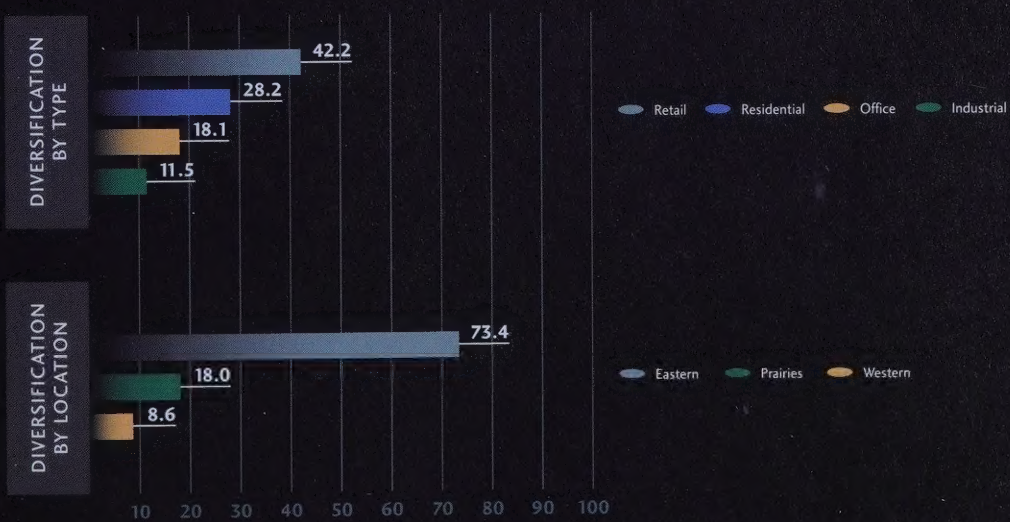
Morguard Investments Limited

MIL, one of Canada's premier providers of real estate management services to institutional investors, was acquired by Acktion in September, 1998. MIL is a fully integrated real estate investment advisory and management corporation that offers its services to two major clients: Pensionfund Realty Limited (a privately held real estate company owned by 30 of Canada's largest pension funds, and Morguard REIT). Through a network of nine regional offices located across Canada, MIL provides portfolio, asset management and property management services for over $3.2 billion in office, industrial and retail properties.

Revenue Properties Company Limited

Acktion owns common shares and convertible debentures of Revenue Properties representing 49% of the outstanding common shares upon conversion of the debentures. Revenue Properties has been involved in the ownership, management and development of real estate for over 30 years. It operates in various segments of the real estate industry, primarily those relating to shopping centres and residential income properties. Its most significant properties are located in Ontario and (through its U.S. real estate investment trust subsidiary) in the Western United States. Revenue Properties' net interest in income producing investments includes 1.4 million square feet of shopping centre space and 2,102 residential units. Its common shares trade on The Toronto Stock Exchange. For the year ended December 31, 2000, Revenue Properties' consolidated assets had decreased to $527 million due to the sale of part of its interest in Pan Pacific Retail Properties, Inc., and operating cash flow totalled $29.7 millions.

management's discussion and analysis of financial condition and results of operations



Operations *Overview*

This section of Acktion Corporation's ("Acktion" or the "Company") Annual Report is management's discussion and analysis of financial condition and the consolidated results of operations of the Company and should be read in conjunction with its audited financial statements and notes thereto for the fiscal years ended December 31, 2000 and 1999.

Acktion's financial results consolidate the operations of Goldlist Properties Inc. ("Goldlist"), Morguard Real Estate Investment Trust ("Morguard REIT") and Morguard Investments Limited ("MIL") . The Company's investment in MFP Financial Services Ltd. ("MFP") is recorded on an equity basis and its investment in Revenue Properties Company Limited ("Revenue Properties") is recorded at cost.

Acktion is a real estate company which has investments in a diversified portfolio of properties located across Canada. Its office, industrial and retail portfolio totals approximately 9.3 million square feet and is located in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia. Acktion's residential portfolio is located in Ontario and Nova Scotia and totals 5,777 suites.

The Company also provides asset and property management services to Canadian institutional investors and private individuals. These services include acquisitions, development, dispositions, leasing, performance measurement and property management. The Company manages a commercial portfolio of 34 million square feet, including Morguard REIT. In addition, Acktion manages approximately 7,700 apartment suites for third parties.

Financial Review

Results of Operations

Cash flow from operations increased 176 percent from $24.4 million in 1999 to $67.4 million in 2000. This equates to $4.33 per share compared with $1.51 in 1999. Net earnings from continuing operations totalled $31.7 million in 2000, or $2.03 per share, compared to $19.8 million or $1.22 per share in 1999. Gain on sale of discontinued operations totalled $7.8 million and is attributable to the sale of Reynolds Fasteners Inc. ("Reynolds").

Consolidated revenue of $260.4 million increased 158 percent during 2000. Net property income totalled $116.4 million in 2000, compared to $32.5 million in 1999. The increases are due to Morguard REIT, Goldlist and MIL revenues being consolidated for the entire year in 2000, compared to 1999, which consolidates Devan Properties Limited for eight months, Goldlist for four months and MIL for twelve months.

The portfolio diversification by product type is weighted towards retail and residential. Together they represent approximately 70 percent of net property income. Seventy-three percent of the portfolio is in Eastern Canada, which includes Ontario, Quebec and Nova Scotia.

Equity Accounted Investments

In 2000, MFP is the only remaining equity accounted investment. In 1999, equity accounted investments included MFP and Carquest for the 12 months, Goldlist for eight months and Morguard REIT for four months.

Gains on Sales

During the year, Acktion recorded $28.0 million in net after-tax gains, compared to $2.5 million in 1999. The gain was realized as follows:

The Company held 3,149,700 shares in Acanthus Real Estate Corporation ("Acanthus") when it made a take-over bid for all the outstanding shares of that company. Acktion tendered its shares to a competing bid for $37.3 million, including a break fee of $7.7 million and recognized a gain of $4.8 million.

The operating companies disposed of certain non-core real estate holdings and other assets during the year for total proceeds of $28.5 million and realized a gain on sale of $4.5 million.

The Company disposed of 7.5 million shares of a public company held for investment, realizing a gain of $10.4 million.

Write-down of Assets and Investments

During the year, the common shares of Revenue Properties were re-classified as a marketable security. Marketable securities are recorded at the lower of cost and market value resulting in the write-down of $8.8 million.

Asset Review

Assets

Consolidated assets at year end increased 11 percent to $1,651 million from $1,485 million at December 31, 1999. The growth in 2000 was primarily due to the Company increasing its investment in real estate assets, net the sale of Reynolds, and the sale of long-term investments not considered core to Acktion's business. Real estate assets account for 86 percent of the Company's total assets.

Real Estate Assets

Consolidated real estate assets have a book value of $1,415 million at December 31, 2000. This compares with a book value of $1,149 million at December 31, 1999. The 23 percent increase in the book value is the result of acquisitions completed by the operating companies. Morguard REIT purchased Parkland Mall in Red Deer, Alberta, and acquired its co-owner's 50 percent interest in the St. Laurent Shopping Centre in Ottawa, Ontario for a total of $158.7 million. Goldlist purchased two apartment buildings, one located in Halifax, Nova Scotia and the other in Kitchener, Ontario for $46 million. Also, Acktion, through a co-venture with a Canadian pension fund, acquired a 50 percent interest in four office buildings located in Mississauga, Ontario for $51 million.

Investments

Consolidated investments at year end were $95.7 million, compared to $156.0 million in 1999. The 2000 investments include shares and convertible debentures of Revenue Properties and shares of MFP. During the year, the Company sold its investments in Acanthus, Carquest Canada Ltd. and General Parts, Inc..

In December, Acktion made a take-over bid for an additional 20.1 million shares to hold 25.9 million shares of Revenue Properties for cash consideration of $52.4 million. The transaction closed on January 8, 2001 and increases the Company's holdings in Revenue Properties to 40.7 percent.

Liabilities

Mortgages Payable on Real Estate Assets

All mortgage debt is associated with the operating companies and is secured against specific assets. There are no guarantees by Acktion to the operating companies. The growth in mortgages payable is a result of either the acquisition of real estate assets or the refinancing of existing mortgages. As at December 31, 2000, the weighted average interest rate is 6.9 percent with a weighted average maturity of 6.4 years.

Bank Indebtedness and Loans

Acktion and its operating companies have credit and operating lines totalling $212.3 million and at December 31, 2000, $118.1 million had been borrowed against these facilities. Marketable securities, accounts receivable and capital assets have been pledged as collateral for the loans.

Additionally, a credit facility for construction financing of $41.2 million is available for the completion of condominium projects under development, to be repaid out of the proceeds from sales of units. At year-end, the Company had $22.6 million in construction financing outstanding.

Shareholders' Equity

Consolidated shareholders' equity on December 31, 2000, totalled $405.4 million or $26.39 per share, compared to $385.7 million, or $23.95 per share, for the year ended 1999.

During the year, the Company adopted the liability method of tax allocation as required by the Canadian Institute of Chartered Accountants. The cumulative effect of these requirements was to increase future tax liabilities and to decrease retained earnings by $2.9 million. The Company elected not to adjust retroactively.

In September 2000, The Toronto Stock Exchange accepted the Company's Notice of Intention to make a Normal Course Issuer Bid, permitting the Company to purchase 770,330 shares for cancellation over the next 12 months, expiring September 15, 2001. During 2000, the Company purchased and canceled 753,264 shares for cash consideration of $9.3 million or an average price of $12.41 per share.

During the year, the Company introduced a dividend of $0.50 per share, payable semi-annually with the first payment of $0.25 per share payable August 31, 2000 for total consideration of $3.9 million. On November 6, 2000, the Company also introduced a dividend reinvestment plan to permit the purchase of additional shares at a five percent discount to the recent trading price.

Liquidity

The Company and its subsidiaries maintain cash, liquid assets and credit facilities to ensure that all commitments can be met and funds are available to capitalize on opportunities that will expand their businesses.

At year-end, Acktion maintained a strong balance sheet with a 2.22:1 debt/equity ratio, up marginally from 2.02:1 in the previous year. At December 31, 2000, the Company had unused lines of credit totalling $94.2 million. The parent company received annual cash distributions from the operating companies and long term investments of approximately $36 million to service corporate debt or to re-invest in the business.

Subsequent Transactions

A warrant issued by Morguard REIT, and purchased by the Company in December 2000 for $20 million, entitled the Company to purchase that number of units obtained by dividing the warrant purchase price by the conversion price. This warrant was converted at $8.00 per unit for 2.5 million Morguard REIT units. After conversion the Company's ownership increased to 50.3 percent.

In January, 2001, the Company acquired an additional 220,000 shares of Goldlist for $2.1 million. After the transaction, the Company's ownership in Goldlist increased to 68.6 percent.

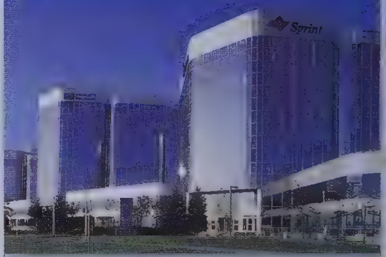
Real Estate Industry and Risks

While the outlook for the real estate industry remains positive, there are a number of risks associated with the business.

Operating Risk

Operating risks associated with the real estate industry include the general economic climate, local market conditions, level of government intervention, supply and demand of real estate, the financial condition of tenants, the diversity of the tenant base, occupancy levels and the ability to lease space at economic rents.

As an owner of a commercial property portfolio, Acktion's objective is to acquire real estate assets that are well located, properly maintained, and provide the level of service that tenants demand. To mitigate the risk associated with real estate ownership, Acktion has diversified its portfolio by both product type and geographic location. Lease terms are staggered so that no single year is exposed to a significant turnover in tenants. Acktion is not dependant on the success of any one tenant, as the largest tenant represents only five percent of the company's gross revenue.



Acktion has mitigated the operating risk in the residential portfolio. Its residential property portfolio is 99.8 percent occupied. Tenants are all small space users. The portfolio is well located within major Canadian cities. Maintenance programs are in place and are closely monitored with the goal of reducing operating costs and providing tenants with comfortable living space.

The Company's development operations seek to mitigate operating risk by prudent selection of development sites, not land banking and ensuring adequate level of pre-sales prior to construction commencing.

Environmental Risk

Acktion has a comprehensive environmental program to address environmental issues. Acktion's management, and the management of each of the operating companies, are responsible for ensuring compliance with environmental legislation, and are required to report quarterly to their respective board of directors. Environmental management is accomplished through third party assessment of real estate assets prior to acquisition, the education of employees about environmental regulations, proper operating procedures, and the implementation of site inspections and remediation. The Company is involved in the remediation of certain environmental situations, and management has concluded the estimated costs of remedial work has been adequately provided. The Company has obtained environmental insurance to further minimize risk.

Interest Rates

An important element in controlling interest rate risk is to manage the impact of rate fluctuations. This is achieved by negotiating fixed interest rates on a significant portion of the term debt and staggering the debt maturities over a number of years. The inherent risk in such a strategy is that, should interest rates decline, further benefits may only be achieved at the cost of penalties to terminate existing arrangements. As at December 31, 2000, the Company had 84 percent of its financing with fixed interest rates and the remaining 16 percent based on a variable interest rate. The variable rate is set, based on Bankers' Acceptances plus a stamping fee which ranges from 135 to 200 basis points.

Outlook

The outlook for the Canadian economy in the short term is for a slowing of growth with the possibility of a recession in 2001. However, inflation remains low, especially if energy prices are not included, interest rates are declining and governments are reducing taxes to consumers.

The real estate market remains balanced with respect to supply and demand for space. Certain large Canadian employers have announced staff reductions during the last six months, which has resulted in some sublet space returning to the market. However, the commercial real estate sector has refrained from overbuilding with little or no speculative development having occurred. As a result, there is not an abundance of vacant space in major urban markets in Canada. The sublet space will be absorbed by small to medium users as growth resumes. Employers seeking large contiguous space will still be limited in their choices.

Residential properties will continue to perform well, especially in the markets that Acktion is located. Vacancies are at a record low and shelter is required in both good and bad times. When the economy slows, tenants that were considering purchasing homes or condominiums delay these decisions and remain renters. Energy costs have risen, but we have in place energy management systems to reduce the negative impact.

As growth has slowed, interest rates have been lowered to encourage consumption. This presents an opportunity for landlords to renew their existing financing at attractive terms. As well, mortgage markets' liquidity has improved during the year, resulting in spreads narrowing and further reducing borrowing costs.

We believe that 2001 will continue to be a strong year for our Company. The Acktion portfolio is well positioned and financed to perform satisfactorily during a period of economic slowdown. Once the economy strengthens, we expect to see continued growth in cash flow and the opportunity to capitalize on our position in the marketplace.

consolidated financial statements

MANAGEMENT'S REPORTING RESPONSIBILITY

The accompanying consolidated financial statements of Acktion Corporation and its subsidiaries, and all information in this annual report, are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in conformity with accounting principles generally accepted in Canada. The financial statements include some amounts that are based on best estimates and judgments. Financial information used elsewhere in the annual report is consistent with that in the financial statements.

Management of the Company and its subsidiaries, in furtherance of the integrity and objectivity of data in the financial statements, has developed and maintains a system of internal accounting controls. Management believes that this system of internal accounting controls provides reasonable assurance that financial records are reliable and form a proper basis for preparation of financial statements and that assets are properly accounted for and safeguarded.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its audit committee, consisting solely of outside directors. The audit committee reviews the Company's annual consolidated financial statements and recommends their approval to the Board of Directors. The shareholders' auditors have full access to the audit committee, with and without management being present.

These financial statements have been examined by the shareholders' auditors, Ernst & Young LLP, Chartered Accountants, and their report is presented below.

K. (RAI) SAHI	BART MUNN
Chairman and Chief Executive Officer	Vice-President, Finance and Chief Financial Officer

AUDITORS' REPORT

To the Shareholders of Acktion Corporation

We have audited the consolidated balance sheets of Acktion Corporation as at December 31, 2000 and 1999 and the consolidated statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,

February 23, 2001.

Chartered Accountants

consolidated balance sheets

[in thousands of dollars]

AS AT DECEMBER 31	2000 $	1999 $
ASSETS		
REAL ESTATE ASSETS [NOTE 4]	**1,415,478**	1,148,585
INVESTMENTS [NOTE 5]	**95,675**	155,987
GOODWILL AND OTHER ASSETS [NOTE 7]	**73,579**	56,024
AMOUNTS RECEIVABLE [NOTE 8]	**38,709**	22,868
FUTURE INCOME TAX ASSETS [NOTE 15]	**17,701**	21,710
CASH AND CASH EQUIVALENTS	**5,573**	6,663
CAPITAL ASSETS [NOTE 9]	**4,216**	8,388
INCOME AND OTHER TAXES RECOVERABLE	**–**	1,082
ASSETS OF DISCONTINUED OPERATIONS [NOTE 14]	**–**	63,646
	1,650,931	1,484,953
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
MORTGAGES PAYABLE ON REAL ESTATE ASSETS [NOTE 10]	**757,957**	635,891
BANK INDEBTEDNESS AND LOANS [NOTE 11]	**140,678**	143,101
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**73,672**	60,569
FUTURE INCOME TAX LIABILITIES [NOTE 15]	**43,475**	33,711
INCOME AND OTHER TAXES PAYABLE	**4,585**	–
LIABILITIES OF DISCONTINUED OPERATIONS [NOTE 14]	**–**	27,966
TOTAL LIABILITIES	**1,020,367**	901,238
MINORITY INTEREST [NOTE 10]	**225,137**	198,067
COMMITMENTS AND CONTINGENCIES [NOTE 18]		
SHAREHOLDERS' EQUITY		
SHARE CAPITAL [NOTE 12]	**130,013**	136,284
RETAINED EARNINGS	**275,414**	247,113
CUMULATIVE TRANSLATION ADJUSTMENT [NOTE 13]	**–**	2,251
TOTAL SHAREHOLDERS' EQUITY	**405,427**	385,648
	1,650,931	1,484,953

SEE ACCOMPANYING NOTES

ON BEHALF OF THE BOARD:

K. (RAI) SAHI
Director

WAYNE M.E. McLEOD
Director

consolidated statements of earnings and retained earnings

[in thousands of dollars, except for per share amounts]

FOR THE YEARS ENDED DECEMBER 31,	2000 $	1999 $
REVENUE		
INCOME FROM PROPERTIES	**204,110**	58,770
FEES AND OTHER INCOME	**32,492**	36,325
SALES OF CONDOMINIUMS AND PRODUCTS	**23,785**	5,842
	260,387	100,937
EXPENSES		
PROPERTY OPERATING	**87,709**	26,297
GENERAL AND ADMINISTRATION	**38,557**	34,385
COST OF SALES	**22,038**	5,251
	148,304	65,933
EARNINGS FROM CONTINUING OPERATIONS BEFORE AMORTIZATION AND INTEREST	**112,083**	35,004
AMORTIZATION	**16,902**	10,374
INTEREST	**4,148**	8,575
INTEREST ON MORTGAGES PAYABLE ON REAL ESTATE ASSETS	**45,431**	14,793
	66,481	33,742
EARNINGS FROM OPERATIONS	**45,602**	1,262
OTHER INCOME (EXPENSE)		
INTEREST AND OTHER	**5,596**	8,772
NET GAIN ON SALE OF ASSETS AND INVESTMENTS [NOTES 4,5 AND 7]	**27,979**	2,534
EARNINGS OF EQUITY ACCOUNTED INVESTMENTS	**3,677**	12,677
WRITE-DOWN OF ASSETS AND INVESTMENTS	**(9,130)**	(823)
	28,122	23,160
EARNINGS BEFORE INCOME TAXES	**73,724**	24,422
PROVISION FOR INCOME TAXES [NOTE 15]		
CURRENT	**9,142**	2,766
FUTURE	**11,104**	2,146
	20,246	4,912
MINORITY INTEREST SHARE IN SUBSIDIARY (INCOME) LOSS	**(21,816)**	281
NET EARNINGS FROM CONTINUING OPERATIONS	**31,662**	19,791
NET EARNINGS FROM DISCONTINUED OPERATIONS [NOTE 14]	**–**	3,084
GAIN ON SALE OF DISCONTINUED OPERATIONS [NOTE 14]	**7,782**	–
NET EARNINGS FOR THE YEAR	**39,444**	22,875
RETAINED EARNINGS, BEGINNING OF YEAR	**247,113**	224,748
ADJUSTMENT FOR FUTURE INCOME TAXES [NOTE 2]	**(2,918)**	–
RETAINED EARNINGS BEGINNING OF YEAR, AS RESTATED	**244,195**	224,748
DIVIDENDS PAID	**(3,858)**	–
EXCESS OF PURCHASE PRICE OF COMMON SHARES OVER AVERAGE CARRYING VALUE	**(4,367)**	(510)
RETAINED EARNINGS, END OF YEAR	**275,414**	247,113
NET EARNINGS PER COMMON SHARE		
BASIC - CONTINUING OPERATIONS	**$2.03**	$1.22
FULLY DILUTED - CONTINUING OPERATIONS	**$1.94**	$1.13
BASIC - NET EARNINGS	**$2.53**	$1.41
FULLY DILUTED - NET EARNINGS	**$2.40**	$1.31

SEE ACCOMPANYING NOTES

consolidated statements of cash flows

[in thousands of dollars]

FOR THE YEARS ENDED DECEMBER 31,	2000 $	1999 $
OPERATING ACTIVITIES		
NET EARNINGS FOR THE YEAR	**39,444**	22,875
ITEMS NOT AFFECTING CASH		
MINORITY INTEREST	**21,816**	(281)
AMORTIZATION	**16,902**	10,374
FUTURE INCOME TAXES	**11,104**	2,146
NET GAIN ON SALE OF ASSETS AND INVESTMENTS	**(27,979)**	(2,534)
WRITE-DOWN OF ASSETS	**9,130**	823
EARNINGS OF EQUITY ACCOUNTED INVESTMENTS	**(3,677)**	(12,677)
OTHER ITEMS	**(813)**	(1,250)
DISTRIBUTIONS FROM EQUITY ACCOUNTED INVESTMENTS	**1,476**	4,945
CASH PROVIDED BY CONTINUING OPERATIONS	**67,403**	24,421
NET CHANGE IN OPERATING ASSETS AND LIABILITIES	**(23,769)**	3,965
	43,634	28,386
CASH PROVIDED BY DISCONTINUED OPERATIONS	**35,680**	5,602
CASH PROVIDED BY OPERATING ACTIVITIES	**79,314**	33,988
FINANCING ACTIVITIES		
PROCEEDS FROM BANK INDEBTEDNESS AND LOANS	**39,338**	75,000
REPAYMENT OF BANK INDEBTEDNESS AND LOANS	**(103,158)**	(77,726)
PROCEEDS FROM MORTGAGES PAYABLE ON REAL ESTATE ASSETS	**15,500**	19,030
REPAYMENT OF MORTGAGES PAYABLE ON REAL ESTATE ASSETS	**(21,710)**	(12,947)
PROCEEDS ON ISSUE OF COMMON SHARES	**103**	–
PROCEED ON ISSUE OF COMMON SHARES OF SUBSIDIARY COMPANY	**1,783**	–
SHARES PURCHASED FOR CANCELLATION	**(9,566)**	(1,867)
DIVIDENDS PAID	**(3,858)**	–
DISTRIBUTION TO SUBSIDIARY'S UNITHOLDERS	**(17,468)**	–
BUY BACK OF SUBSIDIARY'S COMMON SHARES	**(1,957)**	(1,266)
CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	**(100,993)**	224
INVESTING ACTIVITIES		
PURCHASE OF REAL ESTATE AND CAPITAL ASSETS	**(83,507)**	(44,602)
ACQUISITIONS	–	(4,129)
PROCEEDS FROM SALE OF ASSETS AND INVESTMENTS	**106,180**	32,851
PURCHASE OF INVESTMENTS	**(2,084)**	–
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**20,589**	(15,910)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**(1,090)**	18,302
SUBSIDIARIES' CASH AND CASH EQUIVALENTS AT DATE OF ACQUISITION	–	(13,469)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**6,663**	1,830
CASH AND CASH EQUIVALENTS, END OF YEAR	**5,573**	6,663

SEE ACCOMPANYING NOTES

notes to consolidated financial statements

1. NATURE OF OPERATIONS

Acktion Corporation [the "Company"] is an investment company formed under the laws of Canada whose principal activities include property ownership, development and property management services. Property ownership encompasses interests in both commercial and residential real estate. The diverse portfolio of commercial real estate includes retail, office and industrial properties across seven Canadian provinces. Through its residential real estate holdings, the Company, in addition to providing rental services, constructs and sells residential condominiums.

2. CHANGE IN ACCOUNTING POLICY

Income taxes

Effective January 1, 2000, the Company adopted the liability method of tax allocation for accounting for income taxes as provided for in the new recommendations of The Canadian Institute of Chartered Accountants. Under the liability method of tax allocation, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured by using the currently applicable tax rates and laws.

Prior to the adoption of the new recommendations, income tax expense was determined using the deferral method of tax allocation. Under this method, future tax expense was based on items of income and expense that were reported in each year in the financial statements and in the tax returns and measured at the rate in effect in that year.

The consolidated financial statements for periods prior to the year ended December 31, 2000 have not been restated. The cumulative effect, as at January 1, 2000 of adopting these recommendations was an increase in future tax liabilities and a decrease in retained earnings of $2.9 million. There was no material impact on net income in the current year.

Pensions

Effective January 1, 2000, the Company adopted CICA Section 3461, which requires that all costs of future employee benefits be accrued over the periods in which the employees' services are rendered. The calculation of the accrued benefit obligation is made using current settlement discount rates. Future obligations are determined using management's best estimates for various assumptions.

Up to December 31, 1999 the calculation of the accrued benefit obligation relating to future pension benefits was based on a projected rate of return on investments based on current rates and historic experience.

The effect of the new standard required the recognition of a transitional obligation as at January 1, 2000 amounting to $5.3 million. As the Company has chosen to adopt the new standard on a prospective basis, this transitional obligation is amortized as a part of pension costs over the estimated remaining service life of the employees.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. In determining estimates of net recoverable amounts and net realizable values for its real estate assets, the assumptions underlying estimated values are limited by the availability of comparable data and the uncertainty of predictions concerning future events. Should the underlying assumptions change, actual results could differ from the estimated amounts.

Basis of consolidation

The consolidated financial statements include the amounts of the Company and all of its subsidiaries and the Company's proportionate share of the assets, liabilities, revenue and expenses of its co-ownership interests, which includes incorporated and unincorporated joint ventures and partnerships, held by certain of the Company's subsidiaries. The Company's principal operating companies and respective ownership interest in each are as follows:

Ownership	2000 %	1999 %
Morguard Investments Limited	**100.00**	100.00
Goldlist Properties Inc.	**66.32**	66.23
Morguard Real Estate Investment Trust	**50.10**	50.15

The Company accounts for companies in which it exercises significant influence by the equity method. Long-term investments in companies in which the Company does not have significant influence are recorded at cost, unless there is a permanent impairment in value.

The excess of cost over net assets acquired for equity accounted non real-estate investments is amortized to earnings on a straight-line basis over 5 years.

Real estate assets

Revenue producing properties

Revenue producing properties are stated at the lower of cost, net of accumulated amortization, and net recoverable amount. Net recoverable amount is the projected undiscounted net cash flow from use of the property together with residual value. Since this calculation reflects the long-term nature of the investment, the carrying value of the property may, at any given time, exceed its net realizable value.

The sinking fund method of providing amortization is used for revenue producing properties. This method charges the cost of buildings over maximum periods of forty years for commercial real estate and fifty years for residential real estate in a series of annual installments increasing at the rate of 5% compounded annually.

Included in buildings are appliances capitalized and amortized on a 10% straight-line method. Major capital improvements are capitalized and amortized over terms appropriate to the expenditure.

Properties under development and for sale and capitalization of costs

Properties under development and for sale are valued at the lower of cost and net realizable value at the expected time of sale. Net realizable value represents the amount of estimated net sales proceeds, taking into account management's assumptions and projections for the development of the property and market conditions.

The cost of properties under development includes all expenditures incurred in connection with the acquisition, including other direct costs, realty taxes, initial leasing costs, the applicable portion of general and administrative expenses and interest on debt related to the development.

Deferred expenses

Leasing and financing costs are amortized on a straight-line basis over the terms of the leases or debt to which they relate.

Recoverable repair costs

Major recoverable repair costs of commercial real estate assets are deferred and subsequently recovered from tenants over varying periods up to 10 years.

Revenue recognition

Income from properties includes rents by tenants under lease agreements, percentage participation rents, property tax and operating cost recoveries, lease cancellation fees, leasing concessions, parking income and incidental income. Revenue from commercial real estate is recognized upon the earlier of attaining a break-even point in cash flow after debt servicing or the expiration of a reasonable period of time following substantial completion subject to the time limitation determined at the time of approval of the project. Revenue from residential real estate is recognized after an occupancy level of 70% is achieved. Prior to this time, the property is categorized as a development property.

Revenue from the sale of properties is recognized once all significant conditions have been met and collection of the proceeds from sale is reasonably assured. Revenue from residential land sales are recognized when all material conditions of the related agreement of purchase and sale have been met and at least 15% of the total purchase price has been received.

Condominium unit sales are recognized as revenue when the amount due on first closing is received in cash. At that time, the purchaser is entitled to occupancy and undertakes to assume a mortgage for the balance of the purchase price and the vendor undertakes to transfer title on registration under the Condominium Act of the applicable jurisdiction.

Goodwill and other assets

On acquisition, the underlying fair value of net identifiable assets is determined and goodwill is recognized as the excess of the purchase price over this amount. Goodwill is amortized on a straight line-basis over 20 years. Periodically, the Company reviews its goodwill account to assess whether the value has been impaired based upon projected undiscounted net cash flows of the related operations.

Marketable securities are valued at the lower of cost or market value, determined on an aggregate investment basis.

Inventories comprising finished goods are valued at the lower of average cost or net realizable value.

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided over the estimated useful lives using the following rates and methods:

Equipment held for lease	Cost less residual value over the term of the lease
Equipment	10% - 20% straight-line
Leasehold improvements	Straight-line over the term of the lease

Income taxes

The Company uses the liability method of tax allocation for accounting for income taxes. Under the liability method of tax allocation, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured by using the currently applicable tax rates and laws.

Cash and cash equivalents

Cash and cash equivalents comprise only highly liquid investments with original maturities of less than ninety days. Cash equivalents are carried at cost which approximates market value.

Pensions

The Company recognizes the cost of all defined benefit plans in the period in which the employee has rendered services to the entity. The costs of the plan are then attributed over the period in which the employee becomes entitled to benefits under the plan.

The discount rate used to calculate pension obligations is determined on the basis of current market rates and re-evaluated at each year end.

Other revenue recognition

Revenue from sales of product and service is recognized when the goods are shipped or the service performed.

Foreign exchange

Foreign operations

The accounts of the self-sustaining foreign subsidiary are translated into Canadian dollars using the exchange rates prevailing at the period-end for assets and liabilities and the average exchange rate during the period for revenue and expenses. The adjustment arising from the translation of these accounts has been deferred and included in shareholders' equity as a cumulative translation adjustment.

Foreign currency translation

Foreign currency transactions are translated using the temporal method. Under this method, transactions are initially recorded at the rate prevailing at the date of the transaction. Thereafter, monetary assets and liabilities are adjusted to reflect the exchange rates in effect at the consolidated balance sheet dates. Gains and losses resulting from the adjustment are included in earnings.

Earnings per share

Basic earnings per share has been determined by dividing net income by the weighted average number of common shares outstanding in each respective period. Fully diluted earnings per share assumes outstanding dilutive securities including options were exercised at the later of the beginning of the period or date of grant and the funds derived therefrom were invested at the Company's annual after tax cost of financing of 7.5%.

Stock based compensation

No compensation expense is recognized for the plan when stock options are issued to employees. Any consideration paid by employees on exercise of stock options is credited to share capital.

4. REAL ESTATE ASSETS

Real estate assets consist of the following:

			2000			1999
[in 000's]	Cost $	Accumulated amortization $	Net book value $	Cost $	Accumulated amortization $	Net book value $
Revenue producing properties						
Buildings	1,007,416	6,392	1,001,024	802,857	676	802,181
Land	360,275	–	360,275	299,378	–	299,378
	1,367,691	6,392	1,361,299	1,102,235	676	1,101,559
Properties under development and for sale	59,125	4,946	54,179	53,216	6,190	47,026
	1,426,816	11,338	1,415,478	1,155,451	6,866	1,148,585

Properties held for sale have a net book value of $14.0 million [1999 - $21.4 million]. During the year, interest expense of $2.8 million [1999 - $64,000] was capitalized to properties under development.

During 2000, the Company sold revenue producing properties for proceeds of $28.5 million and realized a gain of $4.5 million.

In August 1999, the Company sold the assets of Devan Properties Ltd. ["Devan"] to Morguard Real Estate Investment Trust ["Morguard REIT"] and realized a gain of $3.4 million. During 1999, the Company sold additional real estate of $19.8 million and recognized a loss of $0.1 million

5. INVESTMENTS

Investments include significantly influenced companies and other portfolio investments. The significantly influenced companies are recorded at cost plus the Company's share of earnings since the date of significant influence. Portfolio investments are recorded at cost:

		2000				1999
	Equity accounted investments $	Other $	Total $	Equity accounted investments $	Other $	Total $
Investments in publicly traded companies						
Real estate						
Revenue Properties Company Limited						
- debentures	–	41,393	41,393	–	41,759	41,759
- common shares	–	11,609	11,609	–	20,396	20,396
Acanthus Real Estate Corporation	–	–	–	–	22,999	22,999
	–	53,002	53,002	–	85,154	85,154
MFP Financial Services Ltd.	41,516	–	41,516	40,035	–	40,035
Other investments						
Carquest Canada Ltd.	–	–	–	20,057	–	20,057
Other	–	1,157	1,157	–	10,741	10,741
	41,516	54,159	95,675	60,092	95,895	155,987

The market value of the investments in public entities excluding Revenue Properties Company Limited's convertible debentures at December 31, 2000 was $44.2 million [1999 - $69 million].

The excess of the carrying value over the Company's share of the underlying net book value of the assets accounted for by the equity method was $2.1 million [1999 - $2.9 million].

Certain investments totaling $82.9 million [1999 - $104.8 million] have been pledged as collateral against the Company's borrowing facilities.

Acanthus Real Estate Corporation ["Acanthus"]

During 2000, the Company acquired 233,500 additional common shares of Acanthus, a real estate company, to increase their holdings to 3,149,700 common shares. Subsequently, a takeover bid for all the outstanding common shares of Acanthus was made by a third party, and the Company tendered their shares for $37.3 million, including a break fee of $7.7 million, and recognized a gain of $4.8 million.

Revenue Properties Company Limited ["Revenue Properties"]

During the first quarter of 2000, the Company determined that its 9% investment in common shares of Revenue Properties was no longer a core investment. At that time, the market value of the common shares was significantly below carrying value and a write down of $8.8 million was recorded in the first quarter; the Company then carried its investment at the lower of cost or market.

On November 7, 2000, the Company made an unsolicited partial take-over bid for Revenue Properties which, together with the 5.8 million common shares of Revenue Properties that the Company held, would represent approximately 50.1% of the common shares outstanding. (Note 23).

Revenue Properties' convertible debentures bear interest at rates of 7.5% to 7% with maturities from 2003 and 2006. The debentures are convertible into common shares at prices of $3.70 and $3.30 per common share at any time prior to the earlier of September 30, 2003 or December 31, 2006 and the last business day immediately preceding the date specified for redemption. The debentures are convertible at any time at the option of the holder prior to maturity, and are redeemable by Revenue Properties at any time at par plus accrued and unpaid interest. The debentures have an estimated fair value of $30.4 million at December 31, 2000 [1999 - $30.8 million].

Carquest Canada Ltd. ["Carquest"]

In January 2000, the Company sold its investment in 350,000 Class A common shares of General Parts Inc. ["GPI"] and all of its investment in 18.5 million common shares of Carquest Canada Ltd. for total proceeds of $31.7 million, and realized a gain of $2.4 million.

6. ACQUISITIONS

There were no acquisitions during the year ended December 31, 2000 [note 23]. On December 11, 2000 the Company entered into an agreement with Morguard REIT to purchase a $20 million fully paid non-transferable warrant to acquire units in Morguard REIT. In consideration of the Company agreeing to subscribe for the warrant in advance of a Rights Offering by Morguard REIT, Morguard REIT will pay a fee based on a 7.8% interest rate until the closing of the Rights Offering [note 23].

Effective September 1, 1999, the Company gained control of Goldlist Properties Inc. ["Goldlist"]. On December 31, 1999, the Company acquired control of Morguard REIT on the sale of Devan Properties, a subsidiary of the Company, in exchange for units of Morguard REIT. Acquisitions were accounted for as purchases and earnings of companies acquired have been included in the consolidated statements of earnings and retained earnings since the dates of acquisition.

Summary of acquisitions

[in 000's]	Total 2000 $	Total 1999 $
Fair value of net assets acquired		
Cash and cash equivalents	–	25,549
Bank indebtedness and loans	–	(49,114)
Net working capital	–	(12,072)
Real estate assets	–	1,101,109
Capital assets	–	313
	–	1,065,785
Deferred income taxes	–	4,216
Long-term debt	–	618,397
Net assets acquired	–	443,172
Minority interest	–	199,615
Total assets acquired	–	243,557
Consideration		
Cash	–	4,129
Net assets of Devan	–	133,694
Investment in Morguard REIT	–	51,535
Investment in Goldlist	–	54,199
Total consideration	–	243,557

7. GOODWILL AND OTHER ASSETS

Goodwill and other assets consist of the following:

[in 000's]	2000 $	1999 $
Goodwill	**29,045**	29,045
Less accumulated amortization	**3,105**	1,652
	25,940	27,393
Marketable securities	**549**	436
Restricted cash balances	**9,648**	5,022
Recoverable repair costs	**11,724**	8,462
Deferred financing and leasing costs	**11,847**	6,537
Prepaid expenses and other	**13,871**	8,174
	73,579	56,024

Marketable securities of $549,000 [1999 - $436,000] comprise publicly traded shares which have been pledged as collateral for a bank credit facility. The carrying value of the marketable securities approximates market value.

Included in restricted cash balances are term deposits and account balances that are pledged as collateral for letters of credit or held in trust for deposits on sale of condominium units and payment of real estate commissions.

During 2000, the Company disposed of 7.5 million shares of a public company for proceeds of $12.0 million, realizing a gain of $10.4 million.

In December 1999, the Company sold marketable securities at market value to the Company's defined benefit pension plan for $4 million and recognized a gain of $0.7 million

8. AMOUNTS RECEIVABLE

Included in amounts receivable are mortgages receivable of $4.9 million [1999 - $4.7 million] due during 2001 and a receivable on sale of condominium units of $17.4 million [1999 - nil], due on final closing.

9. CAPITAL ASSETS

Capital assets consist of the following:

	2000			1999		
[in 000's]	Cost $	Accumulated amortization $	Net book value $	Cost $	Accumulated amortization $	Net book value $
Equipment held for lease	**4,672**	**2,975**	**1,697**	11,830	6,924	4,906
Equipment	**3,733**	**2,308**	**1,425**	7,573	4,369	3,204
Leasehold improvements	**2,026**	**932**	**1,094**	888	610	278
	10,431	**6,215**	**4,216**	20,291	11,903	8,388

Certain of the Company's capital assets have been pledged as collateral against the Company's borrowing facilities.

10. MORTGAGES PAYABLE ON REAL ESTATE ASSETS

Mortgages payable on real estate assets, which are all at fixed rates, are as follows:

[in 000's]	2000 $	1999 $
Mortgages payable on real estate assets	757,957	635,891
Estimated fair market value of mortgages payable on real estate assets	753,283	604,856
The weighted average interest rate of debt at the end of the year	6.92%	6.89%

Substantially all of the Company's real estate assets and related rental revenue have been pledged as collateral for the debt.

On November 3, 2000, Morguard REIT issued a $25 million, 7.9% unsecured convertible debenture for the purchase of real estate assets. The debenture is convertible into units at the option of Morguard REIT on October 31, 2002 at a price per unit equal to 90% of the current market price of the units prevailing on such date; provided, however, that the maximum number of units issuable upon conversion thereof is limited to 9,850,794. Interest only is payable until the maturity date. If the debenture is not converted on October 31, 2002, the debenture will have a further maturity date of October 31, 2005. Accordingly, the convertible debenture has been divided into its liability and equity components. The liability of $3.5 million has been included in mortgages payable on real estate assets. The equity component has been included in minority interest.

The aggregate sinking fund obligations and principal repayments of the mortgages payable on real estate assets in the next five years and thereafter (excluding the unsecured convertible debenture referred to above) are as follows:

[in 000's]	$
2001	30,796
2002	103,380
2003	30,909
2004	53,816
2005	29,238
Thereafter	509,818
	757,957

11. BANK INDEBTEDNESS AND LOANS

The Company and its subsidiaries have credit facilities and operating lines totaling $212.3 million. An available credit facility of $80 million is repayable on demand or July 1, 2001. Marketable securities, accounts receivable, inventory and capital assets are pledged as collateral on these credit facilities and operating lines. As at December 31, 2000, the Company had borrowed $118.1 million [1999 - $107 million] related to these facilities.

Under the terms of its operating lines of credit, the Company is able to make use of Bankers' Acceptances at stamping fees ranging from 135 to 200 basis points. As the majority of the debt is current , the carrying value of the debt at December 31, 2000 approximates its fair value.

The bank credit agreement includes certain restrictive covenants and undertakings by the Company and its subsidiaries. As at December 31, 2000, the Company is in compliance with all covenants and undertakings.

Construction financing secured by properties under development and for sale bears a weighted average interest of 8.7% per annum [1999 – 7.5% per annum]. This financing has been drawn from available lines of credit established to facilitate the completion of the projects under development and is to be repaid out of the proceeds from sales of condominium units. As at December 31, 2000, the Company borrowed $22.6 million [1999 - $5.3 million] in construction financing.

On November 26, 1999, the Company received a loan of $5 million from Tri-White Corporation ["Tri-White"] for investment purposes. The loan is repayable on demand and bears interest at the 30-day Bankers' Acceptance rate [note 19]. The loan was repaid during 2000.

Additionally, in 1999 the Company had a $25 million loan due July 2, 2000, which was based on interest at prime rate plus 1.5%. Prime rate at December 31, 1999 was 6.5%. As part of the financing, the Company issued 125,000 options expiring July 2, 2004 with an exercise price of approximately $13.00 per share. Shares in and loans to a wholly-owned subsidiary were pledged as collateral for this loan. This loan was repaid on January 3, 2000.

12. CAPITAL STOCK

[a] Share capital

Authorized
Unlimited preference shares, no par value, issuable in series
Unlimited common shares, no par value

Issued and fully paid [in 000's]	**Number of common shares**	$
Balance November 30, 1997	16,323	132,961
Shares issued for assets	597	10,075
Employee stock options	15	118
Shares repurchased through the Company's normal course issuer bid	(671)	(5,513)
Balance December 31, 1998	16,264	137,641
Shares repurchased through the Company's normal course issuer bid	(160)	(1,357)
Balance December 31, 1999	16,104	136,284
Employee stock options	**15**	**103**
Shares repurchased through the Company's normal course issuer bid	**(753)**	**(6,374)**
Balance December 31, 2000	**15,366**	**130,013**

The Company has been approved by The Toronto Stock Exchange to make a normal course issuer bid to purchase up to 770,330 [1999 - 809,203] common shares. The program expires September 15, 2001 [1999 - September 15, 2000]. During 2000, in connection with the current and previous plans, the Company purchased and cancelled 753,264 common shares [1999 - 160,300] for cash consideration of $9.6 million [1999 - $1.9 million].

Prices paid for the repurchased shares ranged from between $10.15 to $13.55 per share. The overall average price paid was $12.41 per share.

[b] Stock options

A total of 195,288 common shares [1999 – 27,288] are available for granting in the employee stock option plan. The options vest 20% on each anniversary from the date of granting.

A summary of the status of the Option Plan as of December 31, 2000

Outstanding Options	Number outstanding	Weighted average price $	Number of vested options
Outstanding at December 31, 1998	1,176,000	12.34	769,600
Granted	365,000	12.78	–
Exercised	–	–	–
Cancelled	(183,000)	13.97	–
Outstanding at December 31, 1999	1,358,000	12.24	616,800
Granted	–	–	–
Exercised	(15,000)	6.89	–
Cancelled	(168,000)	12.22	–
Outstanding at December 31, 2000	**1,175,000**	**12.31**	**695,000**

At December 31, 2000, outstanding options have the following terms:

Common shares to be issued	Exercise price range $	Weighted average price $	Expiry date	Number of Exercisable Options	Weighted average price $
105,000	5.38-5.63	5.62	2001	105,000	5.62
60,000	5.63	5.63	2002	60,000	5.63
20,000	5.34-7.88	6.61	2003	20,000	6.61
150,000	11.50-14.00	12.50	2004	150,000	12.50
140,000	10.25	10.25	2006	112,000	10.25
165,000	15.60	15.60	2007	99,000	15.60
210,000	15.60-16.75	16.04	2008	84,000	16.40
325,000	12.75-12.90	12.78	2009	65,000	12.78
1,175,000				695,000	

13. CUMULATIVE TRANSLATION ADJUSTMENT

At December 31, 2000, cumulative translation adjustment on self-sustaining foreign operations was nil [1999 - $2.3 million]. During 2000, the cumulative translation adjustment was recognized in earnings on the final disposition of the discontinued operations [note 14].

14. DISCONTINUED OPERATIONS

During 2000 the Company disposed of substantially all of the assets related to the sale and distribution of industrial fasteners. The disposition was made for proceeds of $59.8 million resulting in a gain of $8.3 million, including the recognition of the prior years' cumulative translation adjustment. The decision to dispose of this line of business was made in December 1999. Since that time, these operations have been disclosed as discontinued operations in these consolidated financial statements. The potential benefits of all non-capital losses have not been recognized in these statements.

The results associated with discontinued business is summarized as follows:

[in 000's]	2000 $	1999 $
Revenue		
Sales of product	30,267	113,040
Gain on sale of assets (net)	7,782	–
Net earnings from discontinued operations, net of tax expense of nil [1999 - $571]	–	3,084

The consolidated balance sheets include the following amounts related to the discontinued operations:

[in 000's]	2000 $	1999 $
Assets		
Amounts receivable and inventory	–	57,643
Capital assets	–	3,131
Goodwill and other assets	–	2,872
Total assets	–	63,646
Liabilities		
Bank indebtedness and loans	–	22,509
Accounts payable, accrued liabilities and other	–	5,457
Total liabilities	–	27,966

15. INCOME TAXES

(a) The Company's effective income tax rate is derived as follows:

[in 000's]	2000 $	2000 %	1999 $	1999 %
Income tax at statutory rate	32,439	44.0	10,892	44.6
Reduction resulting from decrease in using tax rates of future years	(3,376)	(4.6)	–	–
Non-taxable portion of capital gains	(1,403)	(1.9)	(1,381)	(5.7)
Non-taxable dividends	(1,412)	(1.9)	(1,106)	(4.5)
Subsidiary loss not recognized	–	–	(691)	(2.8)
Benefit of losses not previously recognized	(3,005)	(4.1)	–	–
Earnings of equity accounted investments	(2,915)	(4.0)	(5,654)	(23.2)
Large Corporations Tax and other items	(82)	(0.0)	2,852	11.7
	20,246	27.5	4,912	20.1

(b) The details of the income tax provision are as follows:

[in 000's]	2000 $	1999 $
Current provision:		
Canadian federal taxes	7,352	1,950
Provincial taxes	1,790	816
	9,142	2,766
Future provision:		
Canadian federal taxes	8,929	1,400
Provincial taxes	2,175	746
	11,104	2,146

(c) The Company has adopted the liability method of accounting for income taxes without restatement of prior years. Future income taxes have been provided on temporary differences consisting of the following:

[in 000's]	2000 $
Investment income in excess of amounts currently taxable	3,956
Tax depreciation in excess of book depreciation	1,078
Costs capitalized for accounting and other	1,320
Benefit of income tax losses	2,913
Future pension costs	1,837
Total future income taxes	11,104

(d) The components of consolidated future income taxes are as follows:

[in 000's]	2000 $
Future income tax liabilities	
Tax depreciation in excess of book depreciation	29,830
Carrying value of units in Morguard REIT	8,440
Investment in MFP – equity accounted basis	2,200
Pensions	1,001
Other	2,004
	43,475
Future income tax assets	
Prior period write down of building values	(1,473)
Bond premium capitalized for tax	(2,811)
Amortizable financing expenses	(1,091)
Non capital losses benefited	(8,639)
Capitalized environmental reserves benefited	(2,365)
Other	(1,322)
	(17,701)
	25,774

(e) Goldlist has non-capital losses for Canadian income tax purposes of approximately $51.6 million (1999 -$54.9 million), of which $33.5 million (1999 - $33.8 million) has not been recognized in the accompanying consolidated financial statements. Non-capital losses of approximately $18.1 million (1999 - $21.1 million) may be carried forward and used to reduce taxable income in future years and expire as follows:

[in 000's]	$
2001	12,287
2002	4,988
2003	679
2004	166
	18,120

16. SUPPLEMENTAL CASH FLOW INFORMATION

Interest and taxes paid

[in 000's]	2000 $	1999 $
Interest	53,962	23,554
Income taxes	5,872	5,822

17. PENSION PLAN

The Company maintains a contributory defined benefit pension plan covering certain of its employees. The plan provides benefits based on length of service and final average earnings. There are only 7 active members since the majority of members were employed in the Company's industrial products distribution business, which sold in 1996. The most recent actuarial valuation was as of December 31, 2000.

Morguard Investment Limited's ["Morguard"] principal pension plan, Morguard Investments Limited Employees' Retirement Plan, is a defined benefit plan, which provides benefits based on years of service, years of contributions and annual earnings. Membership is a requirement after a defined term of employment and age. Funding of the plan is provided by contributions from Morguard. Certain employees who commenced employment prior to January 1, 1997 elected to contribute to the plan and receive a higher benefit. The most recent actuarial valuation was as of January 1, 1998.

The cost of benefits earned by employees is actuarially determined using the projected benefit method pro rated on service and management's best estimate of compensation increases, retirement ages of employees, future termination levels and expected returns on plan assets.

The significant actuarial assumptions adopted in measuring the Company's projected benefit obligations are as follows:

	Company	Morguard
Discount rate	7.0%	7.0%
Rate of compensation increase	4.5%	3.0%
Expected return on plan assets	8.5%	8.5%

Information about the Company's defined benefit plans is as follows:

	2000		1999	
[in 000's]	**Company** $	**Morguard** $	Company $	Morguard $
Accrued benefit obligation				
Balance at beginning of year	68,566	12,401	68,595	11,290
Adoption of new standard	(4,405)	(208)	–	–
Current service cost	91	817	87	935
Interest cost	4,368	872	4,340	890
Benefits paid	(4,148)	(1,125)	(4,456)	(714)
Actuarial gains (losses)	(1,020)	–	–	–
Balance at end of year	63,452	12,757	68,566	12,401
Plan assets				
Fair value at beginning of year	56,213	13,955	54,779	13,118
Actual return on plan assets	8,316	2,054	4,939	1,229
Employer contributions	2,545	–	951	–
Employee contributions	–	284	–	322
Benefits paid	(4,148)	(1,125)	(4,456)	(714)
Fair value at end of year	62,926	15,168	56,213	13,955
Funded status – (Deficit) Surplus	(526)	2,411	(12,353)	1,554
Unamortized net actuarial loss (gain)	(4,608)	(320)	11,584	(1,170)
Unamortized transitional asset (obligation)	6,629	(1,579)	–	–
Accrued benefit asset (liability)	1,495	512	(769)	384
Current service cost	91	532	86	613
Interest cost	4,368	872	4,340	890
Expected return on plan assets	(4,728)	(1,196)	(4,535)	(987)
Amortization of net actuarial loss (gain)	–	–	1,041	(513)
Amortization of transitional (asset) obligation	552	(335)	–	–
Net benefit plan expense	283	(127)	932	3

18. COMMITMENTS AND CONTINGENCIES

[a] Lease commitments

Future minimum annual rental payments for operating leases are payable over the next five years and thereafter as follows:

[in 000's]	$
2001	1,591
2002	1,222
2003	622
2004	342
2005	105
Thereafter	70
	3,952

The Company is committed to make the following payments under a ground lease to the year 2065 for land upon which one of their properties is situated.

To February 28, 2001	- $250,000 per year
To February 28, 2003	- $445,000 per year
To February 28, 2005	- $457,000 per year
To February 28, 2009	- $469,000 per year
To February 28, 2011	- $493,000 per year
Subsequent to February 2011	- fair value of the land at February 2011 multiplied by 8.5% per annum

The Company has entered into various agreements through its investment in Morguard REIT for the purchase and development of properties. Should all conditions be met, expenditure in the year 2001 is estimated at $12.3 million. This amount will be financed through debt and/or equity.

[b] Contingencies

Various claims and legal proceedings have been asserted or instituted against the Company, including some of which demand large monetary damages or other relief which could result in significant expenditures. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable. A provision for these expenditures has been recorded based on management's best estimate. However, should the claim be settled for amounts in excess of the established reserves, such costs will be charged to operations as incurred.

19. RELATED PARTY TRANSACTIONS

Accounts with related party transactions are summarized as follows:

[in 000's]	2000 $	1999 $
Amounts receivable		
Paros Enterprises Limited [a]	–	619
Employee share purchase loans [c]	**293**	248
Bank indebtedness and other loans		
Tri-White Corporation [a]	–	5,000
Income from properties		
Carquest Canada Ltd. [b]	–	1,556
Fees and other income		
Carquest Canada Ltd. [b]	–	683
Tri-White Corporation [a]	**600**	600
Morguard Investments Limited [d]	–	1,700
Interest and other income		
Paros Enterprises Limited [a]	–	942
Interest expense		
Tri-White Corporation [a]	**210**	–

[a] Tri-White Corporation and Paros Enterprises Limited

The Company provides Tri-White with managerial and consulting services for its business and the business of its subsidiaries. Mr. K. [Rai] Sahi is a significant shareholder of Tri-White through his holding company, Paros Enterprises Limited ["Paros"] and is Chairman and Chief Executive Officer of the Company. Paros is a significant shareholder of the Company. The Company receives a management fee of $600,000 per annum from Tri-White, under a contractual agreement at market related prices.

On November 26, 1999, the Company received a loan of $5 million from Tri-White for investment purposes. The loan was repayable on demand and bearing interest at the 30-day Bankers' Acceptance rate. The loan was repaid during 2000.

During 1998, the Company advanced $560,000 to Paros. At December 31, 1999 this amount and accrued interest of $59,000 were still outstanding. Both amounts were repaid in January 2000.

[b] Carquest Canada Ltd.

The Company sold its interest in Carquest Canada Ltd., a significantly influenced company accounted for by the equity method during 2000 [note 5].

During 1999, the Company leased real estate and vehicles in the normal course of business to Carquest Canada Ltd. These lease receipts totalled $2.2 million in 1999. Real estate rentals totalled $1.6 million and the vehicle payments totalled $683. The lease rates were based on a negotiated agreement between the parties.

[c] Employee share purchase loans

Employee share purchase loans of $293,000 [1999 - $248,000] are outstanding as at December 31, 2000. These loans are repayable on demand and are non-interest bearing.

[d] Morguard

During the period August 18, 1999 to December 31, 1999 the Company exercised significant influence on the Morguard REIT. The Morguard REIT paid Morguard property management and administration fees during this time period of $1.7 million under a property management agreement at market related prices.

20. CO-OWNERSHIP INTERESTS

The following amounts, included in these consolidated financial statements, represent the Company's proportionate share in co-ownership interests:

[in 000's]	2000 $	1999 $
Balance sheet		
Assets	**104,135**	200,493
Liabilities	**84,996**	135,228
Equity	**19,139**	65,265
Statement of operations		
Revenue	**34,874**	15,919
Expenses	**26,381**	12,393
Earnings from operations	**8,493**	3,526
Statement of cash flows		
Cash flows resulting from		
Operating activities	**4,977**	4,767
Financing activities	**5,053**	(1,937)
Investing activities	**(6,425)**	1,469

The Company is contingently liable for the other participants' share of incorporated and unincorporated co-ownerships and partnerships in which it participates. The other participants' share of the assets of the co-ownerships and partnerships is available for the purpose of satisfying such obligations. The carrying value of the assets of these co-ownerships exceeds the contingent liabilities.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's operations are subject to a number of risks and uncertainties, including, but not limited to, risks associated with the development of future properties, competition, the real estate markets and general economic conditions in which the Company competes, the availability and cost of financing and fluctuations in interest rates.

The Company is exposed to the following risks related to financial assets and liabilities:

[a] Interest rate risk

The Company minimizes its risk to unfavourable interest rate changes by ensuring that mortgage debt matures over a number of years. The Company also has outstanding bank loans which would expose the Company to fluctuations in short-term interest rates.

[b] Credit risk

The Company operates as an investor in real estate assets. As an investor, the Company is exposed to credit risk to the extent that its tenants may fail to meet their obligations under the lease agreements. This risk is alleviated by minimizing the amount of exposure the Company has to any single tenant, ensuring a diversified tenant mix, and purchasing property in several major geographic locations.

[c] Fair value

The fair value of cash and cash equivalents and marketable securities approximates their carrying value.

Amounts receivable, accounts payable and accrued liabilities, bank indebtedness and loans are also assumed to have a fair value that approximates their carrying value due to their short-term nature.

The fair value of mortgages payable on real estate assets has been determined by discounting the cash flows using current market rates of similar investments.

The fair value of investments having quoted market values and which are publicly traded on a recognized stock exchange are based on the quoted market prices.

22. SEGMENTED INFORMATION

The Company operates primarily in two operating segments, real estate and other operations. Real estate operations are defined to include property ownership, development and management. Other operations include equipment leasing and distribution.

During 2000, the Company sold the majority of its assets related to the sale and distribution of industrial fasteners. Plans for this disposition commenced in December 1999. As a result, these operations have been disclosed as discontinued operations in these consolidated financial statements since that date and are no longer identified as a significant reporting segment. In addition, since these operations were carried on in the United States, the Company operates solely in Canada.

	2000			1999		
[in 000's]	**Real estate operations $**	**Other operations $**	**Total $**	Real estate operations $	Other operations $	Total $
Revenue	250,835	9,552	260,387	95,095	5,842	100,937
Earnings from continuing operations before amortization and interest	109,211	2,872	112,083	36,355	(1,351)	35,004
Amortization	16,892	10	16,902	10,363	11	10,374
Interest	49,481	98	49,579	23,330	38	23,368
Earnings (loss) from operations	42,838	2,764	45,602	2,662	(1,400)	1,262
Interest and other income	5,166	430	5,596	8,200	572	8,772
Net gain on sale of assets and investments	15,115	12,864	27,979	2,152	382	2,534
Earnings of equity accounted investments	90	3,587	3,677	7,541	5,136	12,677
Write-down of assets and investments	(9,130)	–	(9,130)	(823)	–	(823)
Earnings before income taxes from continuing operations	54,079	19,645	73,724	19,732	4,690	24,422

Revenue from real estate assets is disclosed separately in the consolidated statements of earnings and retained earnings as "income from properties". Property management and other activities generate fee revenue in return for services provided. Revenue from these sources is included in "fees and other income" and "sales of condominiums and products". The accounting policies used by the real estate operations are as defined in the significant accounting policies note under "real estate". These policies, in addition to being in accordance with Generally Accepted Accounting Principles ["GAAP"], are also in accordance with the recommendations of the Canadian Institute of Private and Public Real Estate Companies. Accounting policies used by the management and other segment are also defined in note two to these financial statements and are in accordance with GAAP. There are no significant inter-segment transactions.

[in 000's]	**2000 $**	1999 $
Total assets		
Real estate operations	1,586,575	1,338,332
Other operations	64,356	82,975
Discontinued operations	–	63,646
	1,650,931	1,484,953

Management continues to focus its attention on the growth of its real estate operations. The existing real estate operations operate across four property types located in three major geographical locations across Canada. The Company operates to ensure an appropriate mix of property type and geographical location.

Additional information with respect to revenue producing properties is outlined below:

[in 000's]	2000 Total revenue $	2000 Net property income $	2000 Revenue producing properties $	1999 Total revenue $	1999 Net property income $	1999 Revenue producing properties $
Property type						
Office	**41,401**	**21,842**	**199,555**	882	357	183,323
Industrial	**19,338**	**13,328**	**154,921**	4,408	1,587	114,621
Retail	**82,382**	**49,116**	**691,285**	32,975	20,302	514,820
Residential	**60,989**	**32,115**	**321,930**	20,505	10,227	289,471
	204,110	**116,401**	**1,367,691**	58,770	32,473	1,102,235
Geographic						
Western	**16,819**	**9,960**	**120,346**	910	113	120,247
Prairies	**35,931**	**21,216**	**240,509**	13,887	8,417	254,819
Eastern	**151,360**	**85,225**	**1,006,836**	43,973	23,943	727,169
	204,110	**116,401**	**1,367,691**	58,770	32,473	1,102,235

Comparative income from real estate operations for the year ended December 31, 1999 include those of Devan from January 1, 1999 to August 18, 1999, Goldlist from September 1, 1999 to December 31, 1999 and minor subsidiaries for the entire year. Property management revenue of $29.9 million has not been included in the table. No income amounts have been recorded for 1999 in Morguard REIT, whose income was consolidated commencing January 1, 2000. Net property income represents income from properties net of property operating expenses.

23. SUBSEQUENT EVENTS

On January 5, 2001, the Company exercised its $20 million warrant and acquired 2.5 million Morguard REIT units. After the acquisition of these units, the Company's ownership in Morguard REIT is 50.34%.

On December 11, 2000 the Company entered into an agreement to purchase an additional 20.1 million shares of Revenue Properties for cash consideration of $52.4 million. This transaction was completed on January 8, 2001. The transaction brings the Company's holdings in Revenue Properties to 40.7%. Commencing January 1, 2001 the Company will exercise significant influence over Revenue Properties and will account for earnings using the equity method.

On January 10, 2001 the Company acquired an additional 220,000 common shares of Goldlist for cash consideration of $2.1 million. After this acquisition the Company's ownership in Goldlist is 68.59%.

24. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the December 31, 2000 consolidated financial statements.

corporate directory

BOARD OF DIRECTORS

James R. Connacher
Corporate Director

David A. King
Vice Chairman
Acktion Corporation
President
David King Corporation

Wayne M. E. McLeod
Corporate Director

George F. Michals
President
Baymont Capital Resources Inc.

Timothy R. Price
Chairman
Trilon Financial Corporation

K. (Rai) Sahi
Chairman & CEO
Acktion Corporation

O. Temple Sloan, Jr.
Founder & Chairman
of General Parts, Inc.

Alex Taylor
Chairman
Enersource Corporation

John P. van Haastrecht
Corporate Director

Michel Vennat
President & CEO
Business Development Bank
of Canada

CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE

Alex Taylor
Chairman

David A. King

O. Temple Sloan, Jr.

AUDIT COMMITTEE

Wayne M. E. McLeod
Chairman

George F. Michals

Timothy R. Price

Michel Vennat

NOMINATING COMMITTEE

Michel Vennat
Chairman

James R. Connacher

K. (Rai) Sahi

PENSION PLAN COMMITTEE

David A. King
Chairman

Wayne M. E. McLeod

Frank Munsters

K. (Rai) Sahi

John P. van Haastrecht

CORPORATE DATA

Auditors
Ernst & Young LLP

Transfer Agents and
Registrars of Common Shares
Computershare Trust Company

Bankers
Canadian Imperial Bank
of Commerce
Toronto Dominion Bank

Share Listing
Toronto Stock Exchange

Ticker Symbol
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EXECUTIVE DIRECTORY

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Chairman & CEO

David A. King
Vice Chairman

Bart S. Munn
Vice President,
Finance & CFO

Frank Munsters
Vice President,
Credit and Banking

Eugene N. Hretzay
Corporate Counsel
& Secretary

MORGUARD REAL ESTATE INVESTMENT TRUST

David A. King
Chairman

Ashley J. D'Silva
Executive Vice President

MORGUARD INVESTMENTS LIMITED

Ken Graham
President & COO

GOLDLIST PROPERTIES INC.

K. (Rai) Sahi
Chairman & CEO

Tim Walker
Chief Financial Officer

INVESTOR RELATIONS

Bart S. Munn
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E-mail: bmunn@morguard.com

SHAREHOLDER DIVIDEND REINVESTMENT PLAN

Registered holders of common shares of the Company, wishing to purchase additional common shares, may participate in a convenient investment plan. Semi-annual dividends may be reinvested automatically to purchase additional common shares, at 95% of the simple average of the closing price for common shares of the Company on The Toronto Stock Exchange, for the twenty trading days immediately preceding a dividend date, without paying any administration fees, brokerage charges or commissions.

ADDITIONAL INFORMATION MAY BE OBTAINED FROM:

Dividend Reinvestment Services: Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario M5J 2Y1 • Tel: 1-800-663-9097 • Email: caregistryinfo@computershare.com • Website: www.acktion.ca

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